

UPLAND COTTON ANNOUNCEMENT November 2, 2006

The Department of Agriculture's Commodity Credit Corporation announced the adjusted world price (AWP) for Strict Low Middling (SLM) 1-1/16 inch (leaf grade 4, micronaire 3.5-3.6 and 4.3-4.9, strength 25.5-29.4 grams per tex, length uniformity of 80-82 percent) upland cotton (base quality), adjusted to U.S. quality and location, the coarse count adjustment (CCA), and the loan deficiency payment rate that will be in effect from 12:01 a.m., Eastern Time, Friday, November 3, 2006, through midnight, Eastern Time, Thursday, November 9, 2006. The next announcement of the AWP, CCA, and LDP rate for upland cotton will be on Thursday, November 9, 2006, at 5 p.m., Eastern Time.

	<u>Cents/lb.</u>
Adjusted World Price (AWP)	42.44
Coarse Count Adjustment (CCA)	0.00
Loan Deficiency Payment Rate	9.56

This week's AWP and CCA are determined as follows:

NE Price	58.54
Adjustments:	
Avg. U.S. spot market location	-11.49
SLM 1-1/16 inch cotton	-4.65
Avg. U.S. location	0.04
Sum of Adjustments	-16.10

ADJUSTED WORLD PRICE 42.44

NE Price	58.54
NE Coarse Count Price	NA
Adjustment to SLM 1-1/32 inch cotton	-6.55

COARSE COUNT ADJUSTMENT (Cannot be less than zero)..... **0.00**

If sufficient data are not available to determine a CCA for the week, regulations governing the CCA require that the latest available CCA will remain in effect. Thus, the current CCA of 0.00 cents per pound will remain in effect through midnight, November 9.

The Farm Security and Rural Investment Act of 2002 provides that the AWP may be further adjusted if: 1) the AWP is less than 115 percent of the current crop year loan rate for base quality upland cotton, and 2) the USNE price, 59.50 cents/lb., exceeds the NE price, 58.54 cents/lb. This week, both conditions for this adjustment have been met, and it has been determined that this further adjustment to the AWP shall be 0.00 cents per pound.

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Because the AWP for the period is less than 52.00 cents per pound, which is the base quality loan rate, the loan repayment rate during this period is equal to the AWP, adjusted for the specific quality and location. The loan repayment amount will be further adjusted by the application of a storage credit, and interest will be waived.

Because the AWP is less than the 2006-crop loan rate, cash loan deficiency payments (LDPs) will be paid to eligible producers who agree to forego obtaining price support loans with respect to the 2006 crop. The payment rate of 9.56 cents per pound is the difference between the base loan rate of 52.00 cents and the AWP.

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